DEPARTMENT OF COMMERCE WORKFORCE RESTRUCTURING PLAN

AGGREGATE SUBMISSION FOR FY 2003 - FY 2007

June 2002

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PREFACE

In April 2002, the Department of Commerce issued an interim Workforce Restructuring Plan in response to Office of Management and Budget (OMB) Bulletin Number 01-07, "Workforce Planning and Restructuring." The interim plan was based on initial efforts to predict and analyze our workforce requirements for the five-year period between fiscal years (FY) 2003 and 2007, and to strategize on how best to meet those needs.

This document supplements and builds on the groundwork laid by the interim plan, and represents the final portion of our Workforce Restructuring Plan for FY 2003 through FY 2007. It provides an overview of the crosscutting workforce issues facing the Department and our bureaus, and the steps that will be taken to address them. This plan is structured to provide:

- background information on the process used to prepare the plan
- a description of the crosscutting challenges facing the Department as a whole
- an assessment of bureau-level Workforce Restructuring Plans, identifying their strengths as well as opportunities for improvement
- implementation plans describing the actions that will be taken by the Department and bureaus
- the progress that has been made to date in strategically managing our human capital
- an analysis of the size and makeup of administrative functions in comparison with other federal agencies
- bureau-level Workforce Restructuring Plans and progress reports

Arriving at this point has posed a challenge at the Departmental and bureau levels since comprehensive and systematic workforce planning is, in itself, an emerging competency. While this document reflects the lessons learned during this process, it should, by no means, be considered a "final" product. The nature of the task itself and the fluctuating environment in which we operate necessitate that workforce planning and restructuring be a fluid and iterative process. As we proceed with implementation, we will continue to refine the plans reflected in this document based on our experience.

EXECUTIVE SUMMARY

Three crosscutting issues have been identified as the most urgent and formidable human capital challenges currently faced by the Department.

- High rates of turnover are expected in our most mission-critical occupations during the next five years.
- A projected surge in retirements – particularly among our Senior Executive Service (SES) managers – is reaching startling proportions.
- A clearer vision is needed of how management initiatives such as E-Government and competitive sourcing will affect the general, technical and leadership competencies that will be needed to carry out our mission prospectively.

The Department and bureaus are working together to ensure that crosscutting concerns as well as bureau-specific issues are comprehensively and aggressively addressed. In broad terms, our plan for responding to these concerns includes the following elements.

- The Chief Financial Officers (CFO) Council and Human Resources Management Council will serve as coordinative bodies, and will monitor plan implementation and ensure long-term accountability.
- The Department will leverage expertise available in the bureaus to share lessons learned, deploy previously proven solutions, and pilot innovative approaches in strategic human capital management.
- We will carry out a communication strategy to keep employees, managers and human resources officials fully informed and involved in the workforce restructuring effort.
- As we move forward in implementing this plan, we will reassess and revise its provisions based on our experience and environmental influences.

While much work remains, progress has been made as illustrated by the following examples.

- Competitive sourcing and E-Government activities are being carried out in coordination with our strategic human capital management initiative.
- Performance plans have been designed to hold Commerce executives accountable for achieving the Department's strategic objectives and implementing management reform.
- An Oversight and Accountability (O&A) Officer and a Training Officer have been put in place at the Department level to assist with these efforts.
- An analysis was conducted of the extent to which administrative occupations are represented in our workforce. While the outcome was generally positive, the Department and bureaus will work together to address any anomalies identified through the analysis.

1.0　BACKGROUND

A two-step process was employed in developing the April 2002 interim Workforce Restructuring Plan. Using a standardized template issued by the Department, each bureau was tasked with examining and planning for those workforce issues with which they are challenged. This method provided each bureau with the flexibility needed to determine its specific workforce requirements in the context of its particular mission without superimposing any assumptions made by the Department, and ensured consistency in terms of data that was considered, issues that were examined, and the resulting structure of the end products. The Department then compiled the critical aspects of these bureau plans to develop the interim Department-wide plan.

Following submission of the interim plan, the Department engaged in a concentrated and cohesive exercise to ensure that the aggregate plan would properly equip it to effectively respond to the strategic human capital (SHC) challenges facing it – at all levels. This activity was coordinated by a Departmental working group in collaboration with the National Academy of Public Administration (NAPA). We also received guidance from OMB and OPM. Additionally, senior managers who were not in place during the earlier planning effort are now on board and have had the opportunity to provide insight and input to the process.

Specific focus was given to determining those areas in which the Department can exercise coordinative and administrative oversight, identifying ways in which the bureaus can better understand and address the specific challenges facing them, and developing a practical strategy for implementing the plan and achieving our objectives. As part of developing this aggregate plan, bureau plans were examined to determine their adequacy. The overall endeavor was guided by the overriding desire to ensure consistency with the OPM-issued Human Capital Scorecard, the Strategic Human Capital Management initiative established under the President's Management Agenda, and the Commerce Department's Strategic Plan and Annual Performance Plan.

The final Workforce Restructuring Plan resulting from this activity builds on strengths possessed by some bureaus to improve others, takes a cooperative and collaborative approach to addressing common issues, and provides a cohesive framework to maintain momentum and achieve our ultimate objectives.

2.0　Human Capital Challenges

Three crosscutting issues have been identified as the most urgent and formidable human capital challenges currently faced by the Department. They are:

- high turnover in key occupations

- an impending retirement wave at all levels of the organization, but especially the SES level
- significant gaps in the general, technical and leadership competencies

Though these challenges are not unique to Commerce, they do serve to drive the range of strategic human capital actions that we are implementing. The scope of each challenge within the Department is briefly outlined below to set the context of our planning considerations.

2.1 Critical Challenge One: High Turnover in Key Occupations

There is no issue more critical to the Department's workforce restructuring than that of current and projected turnover in mission critical positions, and the domino effect it precipitates. The following chart indicates the proportion of employees within the Department's mission-critical occupations expected to retire by FY 2007. Further, Commerce's historical experience suggests that for every mission-critical employee who retires, another will resign. Every bureau is affected by this challenge.

Projected Retirement Levels in Key Occupations by FY 2007		
Series	Position Title	Percent
GS-110	Economists	20.8
GS-334	Computer Specialists	18.3
GS-343	Management/Program Analysts	23.2
GS-856	Electronics Technicians	21.4
GS-482	Fish Biologists	16.4
GS-855	Electronics Engineers	18.3
GS-1101	General Business and Industry Employees	25.6
GS-1140	Trade Specialists	18.9
GS-1224	Patent Examiners	7.4
GS-1301	Physical Scientists	23.6
GS-1310	Physicists	23.7
GS-1340	Meteorologists	13.6
GS-1341	Meteorological Technicians	32.9
GS-1530	Statisticians	16.7
GS-1531	Statistical Assistants	26.5

Examining the implications of workforce turnover throughout the Department makes it apparent that this extremely broad issue requires a range of responses – from projecting bureau-specific and Department-wide recruitment needs to determining options for assimilating newly acquired staff within the Department and its bureaus. In short, the Department faces a "workforce replenishment" challenge.

The bureaus share many common needs that stem from this challenge and yet they also have needs unique to their respective missions and organizations. Bureau plans for addressing critical occupation turnover make it clear that Departmental leadership can play an essential role in assuring that the entire Department consistently prioritizes and successfully meets this challenge.

2.2   Critical Challenge Two: Pending Wave of Senior Executive Service Retirement

While the Department's high turnover rate affects the viability of the entire workforce, the potential surge in retirement in the Department's SES cadre is reaching startling proportions. Specifically, by FY 2007, 344 members (71 percent) of the Department's existing SES corps are expected to retire. With this almost certain exodus of experienced leaders throughout the Department, it is imperative that action begin now to develop future leaders.

Compounding the seriousness of the impending SES departures is the fact that our new SES members will need the competencies that will enable them to succeed in the increasingly interrelated analytical, economic, and scientific missions of the individual bureaus. Historically, our SES leaders have typically gained their technical, managerial and leadership expertise within a single bureau. The future will require, however, that our leaders have a broader understanding of the Department's programs and missions. Greater proficiency in networking, planning and collaborating with counterpart bureaus, external organizations, and the public is also needed. Likewise, those SES members who do not depart the workforce will require the opportunity to gain competencies broader than those they may have acquired in their historic career path.

2.3   Critical Challenge Three: Reshaping Workforce Competencies

The Department's bureaus have made considerable progress in defining the competencies needed to perform today's work using current work methods. They have also begun to redefine existing competencies in light of such influences as E-Government and re-engineering, however, additional clarity is still needed regarding these changes and the impact of strategic sourcing and mission evolution. The Department will oversee the effort to further define these projected – or "to be" – competencies and integrate them into a comprehensive staffing plan and workforce competency gap analysis.

Analysis of Department-wide data and bureau plans reveals the most pressing human capital challenges on which immediate resources must be focused for near-term results. Additionally, the recently completed strategic and integrated planning process has helped us to align human capital issues with a clear set of Departmental priorities such as mission themes, strategic goals and performance measures to ensure that specific actions are implemented to accomplish long-term objectives.

3.0 ASSESSMENT OF BUREAU PLANS

Strategic human capital management does not exist on an even playing field throughout the Department. Some bureaus have performed relatively comprehensive analyses and are taking numerous actions that serve as positive benchmarks. Other bureaus have focused their initial energies in specific SHC areas, while deferring other significant issues until needed resources can be redirected. In still other cases, some bureau plans simply need a more rigorous approach in terms of their scope, data analysis, and action plans.

Bureau-level Workforce Restructuring Plans have been scrutinized through the combined filter of the OMB core criteria and OPM's expanded "Dimensions of Human Capital" Scorecard. In January 2002, when the bureaus developed their plans using the standardized template, they addressed the OMB-issued guidance, but not – given the emerging nature of the criteria – the OPM-developed dimensions. Having now factored these dimensions into our deliberations, we have a clearer sense of the Department's human capital needs. As a result, we have structured our response to these needs in terms of leadership, performance culture, competencies, knowledge management and strategic alignment.

Our assessment of the bureaus' plans in terms of the OPM criteria has led the Department to initiate additional SHC actions. Many bureaus have made very substantive SHC efforts while some of the smaller bureaus still need to refine their plans. In general, as measured against the OMB and OPM scorecards, some gaps remain in the SHC dimension of the bureau plans. Most bureaus need to take the next step of projecting their "as is" workforce needs as "to be" scenarios, complete with competencies, and staffing levels that fully factor in the possible impact of E-Government, re-engineering, competitive sourcing and anticipated mission changes. Beyond the need to move to a "to be" planning posture, we found cross-bureau analysis, detail planning, and resource sharing as major areas in which the Department can exert a strong leadership role. Bureau plans are included in Appendix A.

The remainder of this plan provides a strategy for closing the gaps that have been identified, and ensuring that we successfully achieve our restructuring objectives.

3.1 Technical Assistance and Bureau Guidance

The Department will assist the bureaus in refining and implementing their individual plans. In this leadership role, the Department will also employ such mechanisms as intra-agency working groups and linkages to competitive sourcing activity to achieve greater synergy between the bureaus.

Opportunities exist to varying degrees among the bureaus with respect to all of the elements of the OMB and OPM scorecards, and we are working with them to identify next steps. Examples include:

- The Bureau of Economic Analysis (BEA) believes turnover and recruitment in critical occupations needs to be addressed and is developing a plan for responding to this issue.
- The Bureau of Industry and Security (BIS) has identified the shortage of technically skilled employees as more critical than projected retirement levels, and is well on the way to developing specific remedial steps.
- The Census Bureau's workforce analysis serves as an internal benchmark for its thoroughness. Census has a supervisor-to-employee ratio of 1:11.2 with a goal to obtain 1:14 by 2004, a two-level performance management system and concrete strategic objectives. The Department will call on Census to share its experiences with other bureaus.
- In light of its planned organizational changes, the Economic Development Administration (EDA) is reviewing its staffing requirements.
- The Economics and Statistics Administration (ESA) anticipates that 50 percent of its workforce will be eligible for retirement in the next five years and is also examining its staffing requirements.
- The key human capital issues for the International Trade Administration (ITA) are recruitment and retention, which will be addressed in a detailed staffing plan.
- The Minority Business Development Agency (MBDA) has defined competencies for all major positions. It plans to further examine potential gaps, recruit for new competencies, and further develop its existing workforce.
- The National Institute of Standards and Technology (NIST) and National Technical Information Service (NTIS) face turnover in scientific and technical positions, which will be addressed in detailed staffing plans.
- Supervisor-to-employee ratios will be reexamined in various bureaus, including the Technology Administration, and steps to bring them more in line with the government average will be pursued.
- The U.S. Patent and Trademark Office (USPTO) will explore options for better utilizing human capital in the face of a fluctuating workload. Census' experience with expanding and contracting its workforce based on cyclic workload will benefit USPTO as it moves forward with this effort.

4.0   HUMAN CAPITAL STRATEGIES AND IMPLEMENTATION PLAN

The Department has examined the three crosscutting SHC challenges that need to be addressed Department-wide as well as unique challenges facing individual bureaus, and identified opportunities

in which its leadership can play a key role in restructuring the Department's workforce as a whole. As stated earlier, the three crosscutting challenges facing the Department are: (1) high turnover rates in key occupations; (2) an impending wave of retirements at all levels of the organization, but especially the SES level; and (3) significant gaps in general, technical and leadership competencies.

To respond to these issues, we are employing concrete strategies to shift from human resources "maintenance" activities such as filling vacancies and orienting new employees to a more proactive "workforce replenishment" effort through which we will: build competencies, redesign organizations and jobs, create career pipelines, provide training to "retool" the workforce when needed, and create and maintain a diverse workforce by identifying new pools of candidates for entry and mid-level positions. In short, the tools with which we manage our human capital are themselves undergoing transformation.

The Department has identified a range of activities that will be undertaken to ensure that our human capital management strategy is properly aligned, integrated, consistent and compliant. These activities fall within four categories:

- Crosscutting Infrastructure Actions
- Strategic Human Capital Actions
- Communications Actions
- Strategic Human Capital Accountability Actions

4.1   Crosscutting Infrastructure Actions

- **Employing Intra-Agency Groups**

    The Department will use the CFO Council and Human Resources Management Council to oversee, manage, and reach collaborative decisions relative to SHC initiatives. These groups – made up of administrative, financial, and human resources managers from across the Department – will be accountable for coordinating SHC activities throughout the Department. On June 5, 2002, the CFO Council and representatives of the human resources community were briefed on the current status of workforce restructuring and prospective activities.

- **Leveraging Resources**

    Not surprisingly, there are differing levels of expertise among the bureaus relative to SHC planning and implementation. Staff size and experience vary. For example, NIST human

resources staff has extensive experience with its Demonstration Project, and is very familiar with managing strategic change in human resources management. The Department will leverage in-house expertise by chartering SHC teams to carry out or lead certain key activities, develop strategic programs, and implement pilots as needed. This approach will effectively yield an "SHC multiplier." An additional benefit to this approach is that program managers will be actively – rather than passively – involved stakeholders in our human capital initiatives.

- **Continually Improving**

  The dynamic factors influencing bureau missions and workforces make it critical that SHC planning be continually updated and highly visible. Toward this end, our bureaus will revise their Workforce Restructuring Plans for FY 2003 and beyond to set forth the specific objectives, activities, and associated timetables that are being employed to meet their respective human capital objectives. We will task the bureaus with updating these plans at the end of the fourth quarter, FY 2002.

- **Effecting Human Capital Strategies**

  Given the magnitude of these issues, the Department will orchestrate and integrate the effort to meet the complex challenges of turnover rates, pending critical retirements and competency development. While bureau personnel may best understand the issues involved in accomplishing their specific missions and the human capital management solutions that may suit their specific circumstances, the Department will act to leverage talent and resources, provide the needed human capital infrastructure and accountability process, and ensure a common understanding and cohesive effort.

  Turnover in Key Occupations - The following actions, described in more detail in the implementation plan, are designed to address anticipated turnover in our key occupations.

  - determine those common recruitment needs that can be met centrally (by the Department, designated bureaus, or cross-functional teams)
  - conduct a "to be" organization, position, and competency assessment
  - using this assessment, develop detailed, bureau-specific staffing plans
  - conduct bureau-specific "to be" learning gap assessments and deliver training in accordance with assessments
  - implement a Department-wide telecommuting policy
  - develop a Department-wide business case proposal for acquiring human resources flexibilities that are needed and currently unavailable

SES Retirement Wave - To develop the new leadership that will be needed in the event that the projected wave of SES retirement vests, Commerce will establish a revamped SES Candidate Development Program. This program will be used to develop a diverse pool of candidates from throughout the Department with the leadership skills needed to assume senior management positions. During the first quarter, FY 2003, the pilot SES Candidate Development Program will be assessed to identify adjustments that are needed to better meet future leadership requirements, project short- and long-term sizing needs, and update the curriculum and experiential development components of the program. Once the program is revamped, implementation will begin. While the central focus will be to develop future leadership potential, we will also address the continuing development needs of our current SES managers within the scope of this program.

Competency Development - Assessing the competencies in our interim plan, we have identified three mission critical areas that we identify as Communities of Practice: Economics/Statistics and Business Practice, Scientific and Technical Knowledge Practice, and Leadership and Management Practice. We have identified specific bureaus to work collaboratively in these targeted areas to share best practices, expertise and lessons learned. We will also model the Internal Revenue Service knowledge management program, which leverages technology – using Web pages – to build and transfer knowledge. The Department will coordinate activities in all three areas.

We will also implement training in shared competencies such as resource management, procurement, project management, contract and grants management, planning, budget and communications, decision-making and problem solving. Each community will develop a set of measures and report the progress toward accomplishment of knowledge management goals and strategies.

4.2   Strategic Human Capital Actions

In the planning that has occurred to date, there are instances in which bureaus have anticipated succession-planning requirements in the context of how their organizations and personnel operate today. Typically, these assessments may not have sufficiently considered the impact that such factors as re-engineering, outsourcing and E-Government initiatives are likely to have. More visionary thinking is needed to ensure that our long-term needs are met. So, while the bureaus and the Department will use the "as is" landscape to guide our immediate human capital activities, the initiatives that are outlined below focus on a "to be" definition of workforce needs. As an example, bureaus will be tasked with defining their "to be" organization and position designs, and re-validating their competency requirements against those designs.

Specific actions to be undertaken by the Department and its bureaus and planned time frames for their completion are outlined in the following matrices. (Please note, these actions are keyed to correspond with OPM's Human Capital Scorecard.)

Implementation Plan -- Department	
Action/Product	**Due Date**
Develop SHC Accountability Metrics	Begin 3rd qtr FY 02, through 1st qtr FY 03
Phase in Accountability Metrics	Begins 3rd qtr FY 02
Conduct Departmental review of DOC administrative staffing levels compared to similar agencies, e.g., DOL, DOJ, IRS, AG	NLT June 15, 2002
Issue Secretarial letter to the Heads of Bureaus outlining SHC goals and objectives, and expressing expectations	4th qtr FY 02
Implement pilot for Commerce Performance and Awards System (ComPAS) to monitor and track GS 1-15 performance and incentives	4th qtr FY 02
Implement DOC-wide telecommuting policy	4th qtr FY 02
Charter three Communities of Practice	4th qtr FY 02
Assess pilot Candidate Development Program and implement revised program	1st qtr FY 03
Develop prescribed analysis format for defining "to be" impact on organization structure and position design–impacts expected as result of E-Gov, re-engineering, and competitive sourcing initiatives	1st qtr FY 03
Reassess bureau restructuring plans and, as appropriate, task those that have insufficient or inconsistent plans to reassess and reconcile supervisory ratios and organizational layers	1st qtr FY 03
Develop and implement SHC Communications Plan	1st qtr FY 03
Prescribe format for bureaus to assess their conduct of administrative functions	1st qtr FY 03 (bureau responses due 2nd qtr FY 03)
Determine what common recruitment and staffing needs might be performed centrally on behalf of all bureaus	2nd qtr FY 03
Develop prescribed analysis format for conduct of workforce-learning gap analysis	2nd qtr FY 03
Develop business case and strategy for acquiring additional DOC-wide flexibilities based upon analysis of bureau input	3rd qtr FY 03
Reassess human resources flexibility publicity and delegation needs and implement appropriate action	4th qtr FY 03

Implementation Plan -- Bureaus	
Action/Product	**Due Date**
Conduct self-assessment against government-wide survey findings regarding performance culture and leadership; develop initiatives to correct or enhance	1st qtr FY 03
Assess conduct of administrative functions following DOC-prescribed format	2nd qtr FY 03
Using DOC-prescribed analysis format, project "to-be" organization and position design; refine workforce competency requirements based upon new design	3rd qtr FY 03
As required, reassess and reconcile supervisory ratios and organizational layers against DOC and governmental performance, and submit revised restructuring plan	3rd qtr FY 03
Conduct workforce-learning gap analysis using standard DOC format	3rd qtr FY 03
Leadership Succession–Develop detailed staffing plan (quantified recruitment need by job/competency category, expected recruitment sources, responsible parties, needed resources) for projected needs	4th qtr FY 03
Non-Supervisory Mission Critical Succession–Develop detailed staffing plan (quantified recruitment need by job/competency category, expected recruitment sources, responsible parties, needed resources) for projected needs	4th qtr FY 03
Submit updated Workforce Restructuring Plan covering FY 2004 and beyond	4th qtr FY 03

4.3   Communication Actions

It is imperative that the reasons driving the Department's SHC agenda be recognized and embraced by all members of the workforce. Equally important, our valued workforce must be afforded appropriate, timely, and continual opportunities to provide input to this effort. For this to occur, a communication strategy will be used that includes Departmental and bureau-level components. Therefore, an SHC communication plan that describes appropriate communications activities to keep our workforce apprised of our SHC goals, activities, and accomplishments will be developed. Implementation of Departmental and bureau communication plans will begin in the first quarter, FY 2003.

4.4   Strategic Human Capital Accountability Actions

SHC accountability metrics will be developed during the remainder of FY 2002 and first quarter, FY 2003, and will be expressly tailored to correspond with the initiatives outlined in this plan. Key metrics corresponding with OPM's and OMB's scorecards – such as progress in eliminating defined skill gaps, progress in attaining diversity goals, vitality of the performance management system, and accomplishment of planned staffing activities – will be employed. Their use will be phased in beginning in the third quarter, FY 2002. The CFO Council and Human Resources Management Council will rely on these metrics to assess our progress.

Accountability efforts are currently underway. During the third quarter, the bureaus have provided progress reports on implementing their plans and described those actions planned for the fourth quarter. Bureau-generated progress scorecards are included in Appendix B.

Due to the mutually reinforcing nature of the President's Management Agenda (PMA) goals, in addition to the metrics discussed above, progress will also be measured against other products such as the Fair Act Inventory and Annual Performance Plan. To augment these metrics, we have taken the additional step of hiring a Departmental O&A Officer to assess and oversee delegated authorities and the use of new human resource flexibilities. As with all Agenda objectives, actions will be referenced against the goals established in the Department's Strategic Plan, specifically the "Management Integration" goal of strengthening management at all levels.

5.0   STRATEGIC HUMAN CAPITAL ACCOMPLISHMENTS

The Department and its bureaus have much to accomplish in strategically managing our workforce, however, significant headway has been made in laying a solid foundation to support prospective activity. The following sections provide a summary of recent actions that have been taken.

5.1   Linking Competitive Sourcing and Workforce Restructuring

Following issuance of the President's Management Agenda, we surveyed the field seeking other workforce restructuring plans, talked to available experts, and identified best practices and approaches for linking the workforce restructuring and competitive sourcing initiatives. While we did gain some insight, we also found that the processes are relatively new and links are not clearly established. Recognizing this, Commerce adopted a systematic process for recognizing innovative approaches to linking competitive sourcing and workforce restructuring as the initiatives mature.

Specifically, the Department chartered a Competitive Sourcing Management (CSM) Team consisting of senior Departmental representatives from budgeting, acquisitions, and human resources, and bureau managers to assess impacts and develop linkages between workforce restructuring and competitive sourcing. A Statement of Work has been written to explore, define and align our management of these two initiatives.

With the assistance of external consultants, the CSM Team has completed a number of actions ensuring that competitive sourcing and workforce restructuring have been linked. The Team has accomplished the following:

- critiqued the FY 2001 commercial inventory and developed guidance that was issued by the CFO/ASA

- initiated the Department's call for the FY 2002 FAIR Act inventory
- expanded the number of full time equivalents (FTEs) designated as "commercial" for FY 2001
- finalized Commerce's FY 2002-2003 Competitive Sourcing Management Plan
- developed an interim competitive sourcing handbook, which has been disseminated throughout the Department, that clearly delineates employee rights and describes managers' responsibilities for addressing any potential impacts on personnel
- continuously communicated competitive sourcing training opportunities to managers, acquisition experts, and human resources specialists

Realizing that our competency needs will evolve as competitive sourcing decisions are made, we will validate the impacts on competency needs of our workforce through the conduct of two specific actions during the first two quarters of FY 2003. Specifically, we will affirm competencies through a gap analysis and the development of competency-based staffing plans for mission critical occupations. As the results of our various A-76 studies become known in FY 2003, these competency assessments and staffing plans will be updated to reflect the study findings.

The CSM Team also produced and piloted an SES training package for all executives on competitive sourcing. The intent was to establish a common intellectual framework for senior managers responsible for implementing competitive sourcing and workforce restructuring. This training package was submitted to OMB with the competitive sourcing plan for FY 2002 - FY 2003. At this time, we are awaiting OMB comments and anticipate OMB will use this as an opportunity to further assist us in our efforts to link competitive sourcing and workforce restructuring.

Commerce representatives are also serving on the planning committee for the first government-wide competitive sourcing conference, which will focus on human capital operational and implementation issues involved in competitive sourcing. The Chief Financial Officer and Assistant Secretary for Administration has urged all bureau CFOs to encourage broad participation by their bureaus in this July 23, 2002 training event.

5.2   Linking with E-Government Initiatives

As with competitive sourcing, E-Government initiatives will also significantly shape the competencies needed in the future, and the implications of these changes will also be included in upcoming competency validations and staffing plans.

The Department's Chief Information Officer (CIO) is a partner in strategic human capital management. Working closely with bureau CIO's, efforts to leverage technology throughout the Department are underway. Currently, Commerce is actively participating in the development of four of the five E-Government initiatives that relate to human capital management. Senior subject matter experts serve on the workgroups, developing and analyzing recommendations and requirements. Commerce is represented on the Steering Committee, Provider Consolidation Workgroup, and the Technical Evaluation Panel of the E-HR Payroll initiative.

The personnel participating in these E-Government initiatives routinely brief management and educate their counterparts on the nature and the status of the projects to ensure that these initiatives are fully integrated into the Department's overall PMA-related activities. For example, competitive sourcing, E-Government and human capital management are all considerations in our exploration of outsourcing human resources assistants as part of an A-76 study. The study's recommendations must be evaluated in context with the outcome of the E-HR Payroll initiative. The range of possible actions is broad. Conceivably, human resource assistants' roles may change based upon the projected capabilities of consolidation providers, or A-76 actions may be altered to accommodate scheduled implementation dates and staffing requirements for conversion to a different payroll system provider. By remaining cognizant of the progress being made and integrating efforts relative to the five government-wide PMA initiatives, opportunities in each area will not be lost.

In the administrative area, we anticipate minimal transitional workforce issues with the implementation of Recruitment-One-Stop since our managers and employees currently use an on-line application and rating system. Presently, our hiring cycle time for general schedule employees is 34 days. The existing system is constantly evaluated for potential improvement and enhancement, and the time needed to fill vacancies through the system is tracked as a performance measure in the Department's Annual Performance Plan.

Currently, the Department has posted a Request for Information (RFI) for commercial-off-the-shelf (COTS) products with the ability to perform workforce planning assessments, human resources analytical trends and forecasting, and generate scorecard and reporting data. This system will assist with workforce planning, developing profiles of offices slated for competitive sourcing, and provide managers with an advanced planning tool. It will serve as a multiplier of data generated from the next generation Enterprise Human Resources Integration (EHRI) project, allowing multi-dimensional manipulation of any data generated from the system currently under development.

5.3   Leadership Aligned for Performance Results

To ensure consistent employee development and performance management, Commerce has implemented two critical standardized performance requirements for all SES managers. These

requirements include elements relating to leadership and management, and customer service and client relationships. They assure that members of the SES corps are held accountable for successfully leading organizational change; effectively developing and executing plans to accomplish strategic goals and organizational objectives; setting clear priorities; acquiring, organizing, and leveraging available resources; and succession planning in order to ensure timely delivery of high quality services and products in compliance with applicable laws, regulations and policies.

Executives will be held accountable for motivating employees to achieve high performance by creating a positive workplace that fosters innovation and initiative, open and honest communication, and teamwork among employees and peers. Additionally, executives are expected to effectively manage employee performance and address issues of poor performance or misconduct as early as possible.

Inclusion of the President's Management Agenda as a key element in performance requirements now holds Commerce executives accountable for advancing the Administration's goals in reforming the government. Recognition and reward at the highest levels of the organization are specifically measured against and linked to accomplishment of Commerce goals.

5.4   Performance Management Systems Aligned for Organizational Performance

Based on an assessment of its performance management system, the Department has implemented or will implement several Web-based systems to allow broad access to information across the Department. These systems enhance the performance management experience for both the manager and the employee, providing up-to-date information on both performance and awards and ensuring a consistent distribution of information.

These tools include: a Web-based Performance Management Handbook, which provides detailed Departmental policy and guidance using a 60-second rule as a benchmark for finding information; the Commerce Performance and Awards System (ComPAS), which will track all aspects of performance management from the creation of the elements and standards to the summary rating; and the new Office of Human Resources Management website, which provides information on all human capital issues, including performance management. These tools support the President's Management Agenda and the Administration's emphasis on creating a culture that motivates employees for high performance.

5.5   Knowledge Management

In this complex and rapidly evolving environment and economy, continuous development of workforce competencies and learning is critical. According to comprehensive workforce analyses conducted in June 2001, the key occupations at Commerce consist of knowledge workers.

We have recently established a senior staff position for a Training Officer who will work directly with the Deputy Director for Human Resources Management to implement Secretary Evans' commitment to education and workforce initiatives as identified in his recent policy memorandum. We have also taken steps to acquire an on-line e-learning management system. This learning opportunity will be available to all Department employees and will provide over 1,000 desktop courseware titles, an Individual Development Plan Module, and an efficient management and tracking system for training.

6.0   ANALYSIS OF ADMINISTRATIVE OCCUPATIONAL CATEGORIES

OMB identified reducing administrative positions as a priority of this Administration in reforming government and improving services to citizens. Commerce, specifically, has been asked to examine current administrative staffing with the aim of reducing the size of overhead functions such as budgeting, planning, and government relations and eliminating the duplication of services provided by line offices.

To this end, the Department conducted an extensive comparative benchmarking analysis. At our request, OPM provided data on staffing levels for general administrative occupations and administrative occupations in budget, financial management, accounting, procurement, human resource management, public affairs, congressional affairs, and legislative affairs by bureau, within Departments for the calendar year ending December 2001. Due to the unwieldy volume of data that our initial request would have produced, OPM narrowed the extract to bureaus with a total of fifteen hundred employees or bureaus that account for at least five percent of a Department's full-time permanent white-collar employees and excluded the Department of Defense. The key traditional administrative positions for which data were obtained were referenced externally against other executive branch agencies, and internally against other bureaus and also within bureaus. The results of our analysis provided data that resolved some concerns, yielded issues ripe for further study, and disclosed several areas meriting immediate attention.

In the government-wide benchmarking process, we examined data for the Departments of Education, Energy, State, Interior, Health and Human Services (HHS), Treasury, Veterans Affairs, Housing and Urban Development, Labor, Agriculture, Justice and Commerce. It is important to note that the external assessment included traditional administrative positions and all GS-301 and GS-343 positions, consistent with the analysis in our original interim report. Within the defined parameters, we identified a range of administrative staffing levels from 9 percent to 36.9 percent. The government-wide average was 16.2 percent, while the median was 14.1 percent. The Departments of Justice, Labor, HHS and Interior had administrative levels in a tighter range of 9.8 percent to 17.1 percent. The overall average for Commerce was 9.0 percent, placing Commerce at the low range of the government-wide spectrum.

In addition to benchmarking against other Executive Branch agencies, an intra-departmental benchmarking process was also completed. We determined that the existence of administrative positions in programmatic organizations remains extensive, with several types of functional redundancies noted at levels lower in the organizational chain. NOAA, in particular, presents considerable opportunity for "functional delayering." After taking into account major intra-Departmental cross-servicing arrangements, NOAA's administrative staff percentage was approximately twice that of comparable bureaus, i.e., Departmental bureaus with staff performing the full range of administrative functions. There was also a large number of staff throughout NOAA whose functional orientation, whether administrative or programmatic, could not be determined.

Based on our findings, several actions have been taken. A Departmental O&A Officer has been hired, who will be principally responsible for assessing and overseeing human capital initiatives with emphasis upon resource utilization and operational efficiency. Using a prescribed format to be developed by the Department in the first quarter, FY 2003, bureaus will assess their administrative functions during the second quarter, FY 2003. Based on those assessments, the O&A Officer will recommend adjustments as needed to ensure functional de-layering and facilitate identification of competitive sourcing opportunities. We anticipate that this functional de-layering will result in the streamlining of processes, and thus lead to expedited service delivery, redeployment of resources toward customers, and tightened strategic alignment across the board. NOAA has recently initiated a review of administrative and policy functions and the Department will work closely with NOAA to ensure that targeted streamlining of administrative positions takes place as appropriate.

In addition to recommending functional adjustments, the O&A Officer, in concert with the Departmental Chief Classifier, will oversee actions taken by the bureaus to correct administrative misclassifications that may exist. Building upon this benchmarking exercise, a series of intensive data integrity reviews will be conducted that will focus upon administrative occupations. The Department has already completed substantial work in developing the necessary assessment tools. This classification validation effort will allow generation of accurate data, thus facilitating all future evaluation of servicing ratios and measurements of progress.

Over the last decade, managers and supervisors throughout the government were delegated significantly greater authority to make classification determinations and position management decisions for their organizations. Due to resource constraints within the human resources management community, adequate analysis of the impact of this extensive delegation has not been undertaken. Consequently, the O&A Officer and the Departmental Chief Classifier will also jointly conduct an evaluation of the delegated authority for position classification within the bureaus.

We believe these actions will result in a more effective, leaner, mission-directed and cost-efficient administrative services delivery system within the Department of Commerce.

Appendix C includes a full report on this benchmarking exercise and the responsive actions that are planned.